

## NATIONAL DAIRY MARKET AT A GLANCE

## CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/19)

**BUTTER:** Grade AA closed at \$2.1025. The weekly average for Grade AA is \$2.0725 (+.0925).

**CHEESE:** Barrels closed at \$1.7500 and blocks at \$1.7950. The weekly average for barrels is \$1.7025 (+.0995) and blocks, \$1.7645 (+.1315).

**NONFAT DRY MILK:** Extra Grade closed at \$0.8500 and Grade A at \$0.8500. The weekly average for both Extra Grade and Grade A is \$0.8500 (N.C.).

**BUTTER:** The market tone remains firm. Churning activity is limited in much of the country. Cream supplies are tight and little excess is available to butter makers. Most Thanksgiving butter needs have been shipped, but producers, working to fill some year-end holiday orders, are aggressively out looking for more cream. This week, trading at the CME was not as active as past weeks, but prices continued to advance. Overall stocks are down from years past, but sufficient to cover current needs. Fresh butter is particularly tight. Some contacts feel that the prices will collapse in the near future while others think they could dip a little and hold through the early part of next year.

**CHEESE:** The cheese market is firm. At the CME, prices continue to advance, despite the one-day decline in barrels. Current cheese supplies are tight and production levels do not seem to be increasing fast enough to cover needs. Surplus milk volumes are tight across much of the country and there have been reports of plants having to curtail processing due to the lack of milk. Many buyers continue to have difficulty in securing spot loads of current varieties. Also, finding trucks and truckers continues to be an issue. Aged cheddar supplies are tight, depending on age, and interest is improving along seasonal patterns.

**FLUID MILK:** Milk production is mostly steady in the upper tier of states, steady to increasing in the Southeast, and mostly steady in the West and Southwest. Fluid milk supplies are tight east of the Rockies. Class I demand is good and most bottlers are running longer schedules this week to build a little inventory for next week's anticipated, holiday needs. Surplus milk volumes are very tight in the Eastern two-thirds of the country and most manufacturing plants have ample capacity for the holidays. Some operations have shut down an additional day this week due to the lack of milk. The fluid cream market is very firm. However, the good demand for egg nog, dip, bottled cream, sour cream and cream cheese will likely ease late this week and all of next week. This should provide some additional volumes to butter makers who are aggressively out looking for additional loads and paying Class II prices. Spot prices, as a result of last week's 38-cent jump in the CME butter average, were sharply higher this week. For some users, it was not a matter of price, but finding cream supplies to fill orders.

Cooperatives Working Together (CWT), a farmer-led economic self-help effort, announced Wednesday (11/17) that it has accepted 378 bids from farmers seeking to retire their milking herds, representing approximately 51,700 cows. Those retirements will remove 931 million pounds of milk, or 0.55% of the nation's supply. The regional breakdown of cow removals is: Northeast, 4,107; Southeast, 4,327; Midwest, 8,878; Southwest, 16,551; and West, 17,894.

**DRY PRODUCTS:** The NDM market is firming in more areas of the country. Production levels are declining in most regions, particularly in the East, Southeast and Upper Midwest. The offerings of powder from CCC

programs are easing and moving at slightly higher prices. Domestic demand for fresh is steady, but export interest is improving. Some sales to the E.U. are noted. The high price of NDM in Europe coupled with the favorable exchange rate is making U.S.-made powder more attractive. The dry whey market is mixed, but mostly steady to firm. Offerings at the producer level are still tight in the East; light to adequate elsewhere. Demand from domestic buyers is about steady. The favorable exchange rate and tight world supply are attracting more international interest to the U.S. market. The WPC market is steady to firm and prices are unchanged to higher. The lactose market is weak and offerings, particularly lower mesh sizes, are ample.

**CCC:** For the week of November 15 - 19, CCC net purchases total 1,246,689 pounds of Western NDM.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for December 2004 is \$14.43, up 14 cents from November. This price is derived from the advanced Class III skim milk pricing factor of \$8.12 and the advanced butterfat pricing factor of \$1.8834 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for December is \$7.07 and the Class II nonfat solids price is \$0.7856 per pound. The following are the two-week product price averages: butter \$1.6845, nonfat dry milk \$0.8553, cheese \$1.5481, and dry whey \$0.2338.

**OCTOBER MILK PRODUCTION (NASS):** Milk production in the 20 major states during October totaled 12.2 billion pounds, up 1.3% from October 2003. September revised production, at 11.9 billion pounds, was up 1.3% from September 2003. Production per cow averaged 1,576 pounds for October, 15 pounds (1.0%) above October 2003. The number of cows on farms was 7.77 million head, 26,000 head (0.3%) more than October 2003, but unchanged from September 2004.

**NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB):** The milk production forecast for 2004/05 is increased because the cow herd is expected to decline more slowly than forecast last month. Milk per cow is unchanged. Commercial use, both fat and skim basis, is expected to be stronger. Milk price forecasts for 2004/05 are raised from last month because of stronger demand for milkfat, especially in the first quarter of the marketing year. Class III and Class IV milk prices are higher than last month as recent cheese and butter prices have strengthened. The all milk price is raised to \$13.75-\$14.45 for 2004/05.

**OCTOBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS):** During October, about 9.5 billion pounds of milk were received from producers. This volume of milk is 36.9% higher than the October 2003 volume on a comparable market basis. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +0.8%.) About 3.8 billion pounds of producer milk were used in Class I products, 4.0% lower than the previous year on a comparable market basis. Calendar composition had a negative impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilizations were; Class I = 40%, Class II = 12%, Class III = 39%, and Class IV = 9%. The weighted average statistical uniform price was \$15.33, \$0.19 lower than last month, and \$0.52 higher than last year.

## \*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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CHICAGO MERCANTILE EXCHANGE  
CASH TRADING

PRODUCT	MONDAY NOVEMBER 15	TUESDAY NOVEMBER 16	WEDNESDAY NOVEMBER 17	THURSDAY NOVEMBER 18	FRIDAY NOVEMBER 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6925 (+.0250)	\$1.5925 (-.1000)	\$1.7275 (+.1350)	\$1.7500 (+.0225)	\$1.7500 (N.C.)	(+.0825)	\$1.7025 (+.0995)
40# BLOCKS	\$1.7250 (+.0250)	\$1.7600 (+.0350)	\$1.7600 (N.C.)	\$1.7825 (+.0225)	\$1.7950 (+.0125)	(+.0950)	\$1.7645 (+.1315)
NONFAT DRY MILK							
EXTRA GRADE	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
GRADE A	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
BUTTER							
GRADE AA	\$2.0100 (-.0100)	----	\$2.1050 (+.0950)	----	\$2.1025 (-.0025)	(+.0825)	\$2.0725 (+.0925)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: The CME will be closed November 25 & 26.

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, NOVEMBER 15, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6925; 5 CARS 40# BLOCKS: 3 @ \$1.7250, 2 @ \$1.7000; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.9975, 1 @ \$2.0000, 1 @ \$2.0025; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$2.0100, 1 @ \$1.6000; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$2.0200, 3 @ \$2.0300

TUESDAY, NOVEMBER 16, 2004

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.6875, 1 @ \$1.5925; BIDS UNFILLED: 9 CARS 40# BLOCKS: 1 @ \$1.7600, 5 @ \$1.7450, 1 @ \$1.7325, 2 @ \$1.7250; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.5925, 1 @ \$1.6625  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 17, 2004

CHEESE — SALES: 4 CARS BARRELS: 3 @ \$1.7225, 1 @ \$1.7250; BIDS UNFILLED: 1 CAR BARRELS @ \$1.7275; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 10 CARS GRADE AA: 1 @ \$2.0100, 1 @ \$2.0300, 2 @ \$2.0550, 1 @ \$2.0600, 1 @ \$2.0700, 1 @ \$2.0900, 1 @ \$2.0950, 1 @ \$2.1025, 1 @ \$2.1050; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$2.0425, 1 @ \$2.0400, 2 @ \$2.0200, 2 @ \$2.0125; OFFERS UNCOVERED: NONE

THURSDAY, NOVEMBER 18, 2004

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.7250, 1 @ \$1.7225, 1 @ \$1.7250, 1 @ \$1.7275, 1 @ \$1.7500; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.7825; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, NOVEMBER 19, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.7950, 2 @ \$1.7600; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$2.1000, 1 @ \$2.1050, 1 @ \$2.1025; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$2.1050, 1 @ \$2.1200, 1 @ \$2.2000

**BUTTER MARKETS****NORTHEAST**

The market tone is firm. The cash butter price at the CME jumped 34 cents last week, but started this week (11/15) one-cent lower. Contacts state that there is a genuine need for butter, but question if the big run-up in prices will make any more show up in the market place. They point December's butter futures price (\$1.65 on 11/15) and wonder how long the cash price can or will remain above \$2.00. Most of the early orders for the year-end holidays are coming from inventoried butter, not fresh production. Churning activity is light in the Northeast where fluid milk and cream supplies are reported as tight. Class II cream demand is very good, but last week's price increase may slow that demand until prices retreat. The weekly change in butter prices relates to a tanker of cream costing roughly \$8500 more than it did the previous week, if multiples are unchanged. Retail sales are being aided by feature activity. Food service orders are improving as restaurants place orders for Thanksgiving needs. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

**CENTRAL**

The butter market remains firm. The cash price at the CME jumped thirty-four cents last week and gained an additional 8.5 cents through Wednesday's (11/17) trading. The current cash price at the CME has some contacts wondering how long prices will hold at these levels. As of November 17, comparing the cash market to the December futures market sees about a 40-cent disparity. Prices this high may slow demand and it may also slow demand for Class II cream sales. The dramatically higher Class II cream prices notwithstanding, excess cream volumes available to butter makers are limited this week. Current churning activity is light and often below anticipated levels. Producers are making barely enough to fill orders and most do not want to make too much butter at these high prices. A good

percentage of packaged butter orders are now being filled from inventoried stocks and microfixed bulk. Contacts report that here is a good demand for packaged butter. However, Thanksgiving needs are, for the most part, filled and printers are working on anticipated, year-end needs. Retail sales are improving as retail features are more common. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

**WEST**

Butter prices at the cash CME market had increased 47 1/2 cents over the last five trading sessions before falling early this week. The increase started again on Wednesday as the market increased 9 1/2 cents to close at \$2.1050. More than 150 loads of butter (6.2 million pounds) have changed hands at the exchange in the last two weeks. Contacts are surprised that so much butter is available for sale and that there is this much buying interest this late in the season. Prices for the last three years have been below \$1.40 during this season of the year. More feature activity on butter at the retail level is in place than was anticipated. Some of the retail prices are in the neighborhood of current exchange prices, which is unusual. Orders are now being shipped for the end of the year holidays. Trucking seems to be more of a problem than in the past few years and rates are higher because of increasing fuel costs. As is normal for this season of the year, cream demand from high fat holiday products is increasing. This is limiting some churning activity. Cream, overall, is in a very tight supply situation. CME weekly warehouse inventories fell by 10.0 million pounds this past week to stand at 28.8 million pounds. This is the largest weekly decline since this same week last year. Last year, however, stocks stood at 85.6 million pounds after the large decline. Stocks have not been this low for this week in November since 2000. Bulk butter prices range from 2 to 5 cents under based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
NOVEMBER 13	1,5477	1,5391	0,8515	1,7758	0,2358
	7,638,048	10,274,913	24,082,692	4,137,306	9,751,411

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices have increased for both natural and process items; unchanged on Swiss. The market tone is firming along seasonal patterns. Cheese output in the Northeast is light to moderate, but some operations have added shifts in recent weeks. However, the tight supply of surplus milk in the East is a major deciding factor in plants' ability to add production at this time. Supplies of current cheeses are tight as seasonal demand has outpaced production in some parts of the country. Aged cheddar supplies are generally adequate, but the good seasonal demand is pulling inventories down. Most Thanksgiving needs have been shipped. Plants and distributors are already working on anticipated needs for the year-end holidays. Food service orders are heavy as restaurants prepare for next week's holiday.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7000-2.2150
Cheddar Single Daisies	:	1.6575-2.1325
Cheddar 40# Block	:	1.7725-2.0325
Process 5# Loaf	:	1.8125-2.0200
Process 5# Sliced	:	1.8325-2.0725
Muenster	:	1.8725-2.0750
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is unsettled. Current natural supplies remain tight to short. Some traders are questioning the need for recent sharp price changes, particularly higher, when extra product is just not available for immediate sale. Some speculate on just when prices will crash and how far prices will fall. Current cheese offerings continue to be less than the demand. Order lead times remain extended for many products. Process movement is steady to slower seasonally as buyers back off on orders after recent price increases. Strong demand for milk by other users including bottlers while milk intakes are at or around the annual low point is keeping production schedules light. Cheese yields remain good seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7825-2.0000
Brick And/Or Muenster 5#	:	1.9800-2.2875
Cheddar 40# Block	:	1.8800-2.2650
Monterey Jack 10#	:	1.8600-2.2650
Blue 5#	:	2.4825-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8900-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.9500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
11/15/04	17,623	: 126,779
11/01/04	25,819	: 129,132
CHANGE	-8,196	: -2,353
% CHANGE	-32	: -2

## WEST

Cash block cheese prices had been holding quite steady at the CME market in Chicago since the first week in November. Since November 8, block prices have increased 19 cents on very light trading to close at \$1.76. Prices for the last three years have been below \$1.40 at this time of the year. Current offerings of cheese range from in close balance to tight, but contacts are surprised at this much price strength this late in the fall. Cheese production has been at anticipated levels with generally adequate milk supplies. Some manufacturers have been looking for a little outside milk, but others have sufficient supplies for their production schedules. Milk production patterns are normal for this season of the year and are probably on the heavier than normal side, if anything. Some contacts believe that buyers have not been as covered for their fall needs as they usually are because of this year's pricing pattern. The spring record prices followed by prices near \$1.60 for much of the late summer had buyers delaying purchasing decisions and some are now having to make purchases to cover sales without regard to current price patterns.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7550-2.0150
Cheddar 40# Block	:	1.7525-2.1025
Cheddar 10# Cuts	:	1.9325-2.1525
Monterey Jack 10#	:	1.9425-2.1025
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are steady to higher and the market tone is unchanged. Some improved demand is noted for Thanksgiving retail sales, but high prices are still having a negative impact on consumption. Cheese stocks are generally adequate for the seasonal demand. Reports indicate that cheese output and demand in the EU are fairly well balanced. Subsidized exports have been high with almost 40% of the WTO allocation used in the first quarter of the WTO-year. However, if the strong Euro against the U.S. dollar continues, exports to the U.S. may not materialize as fast as expected.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.2900	: 2.0150-3.5050*
Gorgonzola	: 3.6900-5.9400	: 2.4900-2.5300*
Parmesan (Italy)	: TFEWR	: 3.4250-3.5350*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.6900	: 2.0275-2.2500*
Romano (Cows Milk)	: -0-	: 3.2100-5.3850*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-4.0900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.4500	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	134	0	128	0	136	0
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, October 2004 uniform prices: Northeast \$16.07, Mideast \$14.89, Southeast \$16.78, Florida \$18.19, and Western New York (a state order) \$15.51 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) October milk production in the 20 major states totaled 12.25 billion pounds, up 1.3% from October 2003. The following are the October-to-October changes for selected states: Texas +4.4%, Virginia +3.7%, Pennsylvania +0.9%, Florida +0.6%, Vermont -0.9%, Kentucky -1.7%, and New York -2.0%. Milk production is increasing slowly in most of the Southeast, while steady in much of the Northeast. Mild weather in much of the East is helping maintain or increase production levels. Demand for bottled milk is about steady, but many bottlers are very active trying to build some inventory ahead of next week's holiday needs. Of course, school closing may offset some of the improved retail sales. Florida's need for milk increased slightly this week. Contacts continue to be amazed by the tight supply of surplus milk in the East, but welcome any the additional loads anticipated during next week and the holiday period. Many manufacturing plants, particularly butter/powder plants, are operating on greatly reduced schedules. The condensed skim market is steady, but contacts are a little puzzled by possible pricing levels for November and December sales. Current Class II and III skim price estimates are high, but may be skewed lower by the sharply higher price of butter. Demand for condensed skim is generally steady. The fluid cream market is extremely firm. Suppliers report that they are often short of spot needs and barely able to cover contract deliveries. Demand is very good and, to some buyers, price is not an issue when keeping production lines operating. Spot prices are sharply higher than a week ago. Not only is the average butter price up thirty-eight cents, but multiples are also higher. However, contacts all expect this market to reverse itself next week when holiday-week demand for cream slows, at least temporarily. Ice cream production is slowing and many plants will be closed next week for the holiday. Production of cream cheese, egg nog, dips, sour cream, and bottled cream is seasonally heavy, but easing as we near Thanksgiving and those orders have been shipped. Producers of these items are now looking toward needs for the year-end holidays. Churning activity is limited as there is no spot excess cream currently being offered to butter makers.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.6928-2.9700
DELIVERED EQUIVALENT ATLANTA	-	2.7126-2.9898 M 2.7720-2.8908
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6136-2.8116

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9500- .9800
NORTHEAST- CLASS III - SPOT PRICES	- 1.0300-1.1000

## M I D W E S T

October estimated milk production in selected Midwestern states compared with October 2003 is: Wisconsin, 1.826 billion pounds, down 5 million pounds (-0.3%); Minnesota, 660 million pounds, up 4 million pounds (0.6%); Michigan, 528 million pounds, off 14 million pounds (-2.6%); Iowa, 293 million pounds, down 12 million pounds (-3.9%); and Indiana, 244 million pounds, off 12 million pounds (-4.7%). This week, milk production is mostly steady in the northern parts of the region, while showing some increases in the South Central areas. Fat and protein tests are steady to higher and typical for this time of year. Fluid milk supplies remain tight throughout the region. Class I demand ranges from very good to excellent. Bottlers are running "all they can find" to help them get ahead of next week's anticipated good retail sales.

Surplus milk volumes are tight. Due to the lack of surplus milk, there have been reports of manufacturing plants shutting down a day at midweek. The range of premiums for spot manufacturing milk sales are unchanged in the \$2.00-3.25, but contacts note that prices are often higher within that range. Contacts feel that the tight milk supply will continue through mid-December and that Thanksgiving week will see little, if any, change in the milk supply/demand situation. Shipments of milk from the Upper Midwest to Florida continue, but will, by contract end this weekend. Not only is milk tight, but finding haulers continues to be a significant problem. The fluid cream market is very firm. Offerings are tight and demand is holding at good levels. Spot prices are sharply higher after last week's 38+-cent increase in the CME butter average. Class II cream usage is still good, but starting to slow now that most egg nog, bottled cream, sour cream and dip orders have been shipped. Ice cream production is steady to seasonally slower.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.00	\$ 47.00- 54.00
REPLACEMENT HEIFER CALVES	\$300.00-530.00	\$350.00-500.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 54.50	\$ 48.00- 55.50

## W E S T

The December 2004 Class I prices in CALIFORNIA range from \$16.10 in the north to \$16.38 in the south. The statewide average Class 1 price based on production is \$16.15. The average is \$0.44 higher than November 2004 and \$0.98 more than December 2003. Milk production in the 20-selected states for October totals 12.25 billion pounds, an increase of 1.3% from October 2003. Cow numbers are up 26,000 head (+0.3%) from last year and production per cow is up 15 pounds (+1.0%). Month on month cow numbers held steady after increasing for seven consecutive months. Output for selected Western states compared to last year is as follows: Arizona +10.0%, California +5.4%, Idaho +3.9%, New Mexico -1.1%, and Washington -4.1%. Cow numbers increased in all of these states except Washington. Production per cow was positive in Arizona and California and unchanged or negative in the rest of the Western states. A number of contacts had questioned the reported numbers for Florida output after the late summer hurricanes and they have been revised. September output in Florida was reduced 9 million pounds so that the increase from last year was 1.4% instead of the original report of +7.7%. Output in October is up only 0.6%. The Cooperatives Working Together (CWT) report on herd retirements was released on November 17. This report indicates that 378 bids were accepted to remove 51,700 cows. The estimated production of these animals is 931 million pounds. Removals from the Southwest and West total 34,445 animals and 644 million pounds of milk. Milk output in CALIFORNIA for the current week is reported to be about steady to down slightly. Some report that supplies are snug, but will be more available for processing next week due to the holiday weekend. Bottlers are running heavy to have product available for sales early next week. Weather conditions currently are moderate and having little impact on the milk flow. The milk flow in the SOUTHWEST is following normal seasonal patterns. The wet weather of a few weeks ago is having less impact as conditions dry out somewhat. Demand for CREAM in the region is excellent with churning activity limited. The butter price average at the CME increased more than 38 cents last week and is firm again this week. Cream multiples range from 116 to 128, FOB and vary depending on class usage and basing point. Milk production in the PACIFIC NORTHWEST ranges from about steady to up slightly. Little weather stress is noted, but hay quality may be limiting output in part of the region. No problems are anticipated in handling milk supplies next week due to the long holiday weekend. Tests are reported to be about average for milk receipts in UTAH and IDAHO. Output is steady. Cheese plants are often looking for additional supplies of milk because of excellent demand for current cheese offerings. Some reports of trucking problems, both availability and cost, are noted. Heifer prices are generally lower than a month ago which is surprising some contacts. Many feel that expansion is still taking place and demand for heifers should still be excellent. Reports continue to be noted on tight quality hay supplies and firm prices.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices are unchanged to higher on a steady to firm market. Current supplies are generally limited for the good interest. Production and supplies are expected to increase as extra milk becomes available for drying over the Thanksgiving holiday. Although Central buyers and traders would be willing to pay prices at or slightly above the support price, Western producers generally state that supplies are not available or priced at significant premiums, despite weekly sales to the CCC from this region. With new releases of government CCC stocks, Central interest in Western supplies is reduced. Available CCC stocks are aged 1-2 years and trading at prices of 0.7400 - 0.8300.

**EAST:** Prices and the market tone are unchanged in the East. The market tone is relatively firm due to the tight supply of surplus milk. Eastern butter/powder plants have lighter than desired volumes of milk and most are doing little, if any, drying. Condensed and fluid skim sales are steady and clearing most of the skim solids. Producer stocks are lighter as sales are now outpacing production. Although higher priced, interest in current NDM is improving. Supplies of NDM once in CCC storage are tightening and prices are increasing. Reports of powder more than two years old were noted in the high 70's this week. That would be up several cents from past weeks. Export interest is improving and some sales are being finalized. With Europe's price for NDM currently higher than U.S. prices and the favorable exchange rate, more NDM may be exported in the coming months. These are straight commercial sales and in addition to ongoing sales to Central America and Caribbean countries.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8500 - .9400 MOSTLY: .8600 - .8900  
 HIGHHEAT: .9200 - .9800

**NONFAT DRY MILK - WEST**

Prices for low/medium heat powder continue to move higher on the top end of the range because of excellent interest for export sales. Most contacts believe that good sales levels will continue into 2005. Domestic sales of current powder are also rated as quite good and they have improved over the past few weeks because of less government exchange powder being available. Powder production is expected to be heavier next week due to the long holiday weekend. Net offerings of powder to the CCC price support program totaled 4,154,079 pounds last week. Since October 1, 33.1 million pounds have been offered from the Western region, 93% of offerings. Demand for high heat powder is mixed. Some producers report good movement, but others report that sales are slower than anticipated for this season. Manufacturers do have dryer time to make more powder if sales develop.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .7950 - .9300 MOSTLY: .8000 - .8900  
 HIGHHEAT: .8400 - .9125

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 12	\$.8462	16,458,276	5,603,593
November 5	\$.8557	12,146,054	3,101,284

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are lower and nominal on a weak market. Sales activity is slightly improved compared to the week prior. Despite producer efforts to move buttermilk in the condensed form, increased production and reduced ice cream interest is encouraging more movement of condensed buttermilk to dryers. Production of dry buttermilk is expected to increase as more milk is available for manufacture over the Thanksgiving holiday. Demand is light to fair and mostly contractual.

F.O.B. CENTRAL: .9000 - .9550

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone remain steady. The Northeast price range is nominal. Production levels are light. Demand is, at best, fair. Producer stocks are often light and most Extra Grade loads have been cleared. However, there is some "off spec" powder available, which is not clearing as quickly as desired. Demand remains centered around contract sales.

F.O.B. NORTHEAST: 1.0000 - 1.0200  
 DELVDSOUTHEAST: 1.0100 - 1.0600

**DRY BUTTERMILK - WEST**

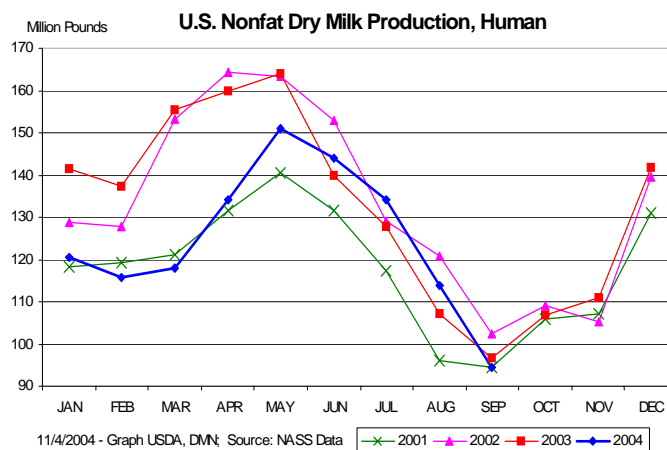
Western buttermilk prices range from steady to slightly lower as some producers report building inventories. Sales activity has been light and not helped by the wide spread between Western and Central prices. Production of powder has been seasonally light, but it is expected to increase next week as more milk becomes available for manufacturing due to the holiday. A number of producers are seeing their inventories start to build somewhat over the past few weeks.

F.O.B. WEST: 1.0000 - 1.0700 MOSTLY: 1.0300 - 1.0500

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are mostly unchanged. Prices do remain nominal. However, the recent jump in the cash butter price at the CME has some producers thinking about adjusting their prices higher. Production levels are steady to lighter as surplus milk supplies are tight in much of the country. Output is often geared to filling contracts. Spot demand is showing some seasonal improvement, but it is mostly steady.

F.O.B. PRODUCING PLANT: 1.2675 - 1.3800



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Traders were surprised by the price increase the week prior, especially as extra loads are readily available during the current week. While producer prices are not declining, offerings of up to 10 loads are noted in the trade. Production is generally steady and supplies are reported as in balance. However, supply availability is expected to increase as holiday milk filters into some cheese plants. Export sales are beginning to wane with most trade occurring on a contractual basis.

F.O.B. CENTRAL: .2400 - .2500 MOSTLY: .2400 - .2450

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to fractionally higher. The market tone is little changed. From the supply side of the market, the tone is firm, while the demand side of the market is mostly steady. Cheese output in the Northeast remains lighter than expected, which keeps dry whey production light. Most producers report being sold out. A few spot loads do get reported and these are generally moved to regular or long term customers. Some export interest is noted as the weak dollar is making U.S. whey and other products more attractive to foreign buyers. Traders have commented that buying interest, though improved, does not seem to be increasing to any great degree. In fact, after the spurt in demand seen during October, the first half of November has been relatively steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2625  
DELVD SOUTHEAST: .2700 - .2825

**DRY WHEY - WEST**

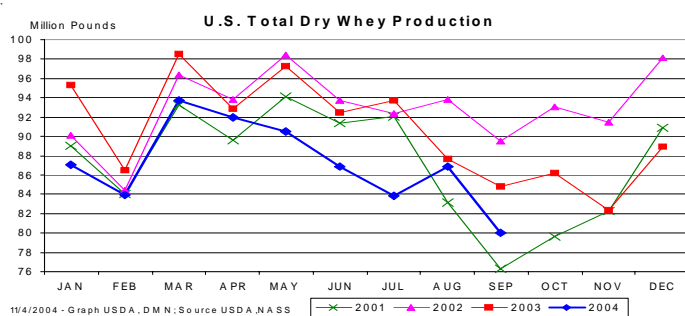
Prices are somewhat mixed for Western whey powder, but generally moved higher. Domestic sales are rated as very good. Export sales are continuing at good levels even as prices continue to increase. Sellers are commenting that there is some price resistance, but there is very little whey available from anywhere else in the world at this time. If there does happen to be some powder available from other countries, the prices are often higher than for U.S. sourced powder. Production of powder is at or below seasonal estimates and stocks range from adequate to light of full trade needs.

NONHYGROSCOPIC: .2300 - .2600 MOSTLY: .2400 - .2500

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher on a steady to firm market. Prices are trending higher in line with the Extra Grade market. As prices move higher, some buyers are becoming resistant to making additional purchases as the market trend is not anticipated to hold during the holiday season. Supplies are more available than the week prior. Offerings above the range are noted. Veal and early weaned pig prices are trending steady.

F.O.B. CENTRAL:  
MILK REPLACER: .2100 - .2300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a steady to firm market. On a per unit of protein basis, 34% WPC is a low cost alternative to whey into some export markets. Domestic interest is also improved into some feed plants as a substitute for the higher priced combination of 80% WPC and whey. However, as the year end approaches, buyers are also taking note of stocks on hand and keeping orders to a minimum. As a result, supply availability is expected to seasonally increase, especially with holiday milk supplies moving toward cheese production. Contract orders for 2005 are being discussed along with potential supplies of either 80% or 34% WPC during this year. With some plants revamping their operations to produce higher proteins, supplies of 34% WPC are expected to be reduced. However, supplies of 80% WPC or a 40-60% protein by-product from producing isolates may become more available as a substitute to 34% WPC. Current production of 34% WPC is mostly steady and inventories are reported as in balance. Off grade supplies are limited for the good feed interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5800 - .6400 MOSTLY: .6100 - .6250

**LACTOSE - CENTRAL AND WEST**

Prices continue unchanged on a weak market. Higher mesh sized lactose is least in supply at prices near the average to higher. Increased interest from the feed sector continues to clear excess stocks of lower mesh sized lactose. However, movement is less than anticipated. This may in part be explained by market competition from permeate producers that have reduced prices to be more in line with lactose trade to the feed sector and/or reduced buyer interest as the year end approaches. Some domestic contracts for 2005 are finalized into confectionary operations at steady prices. Spot movement to the edible market is light. Some export inquiries are noted from Mexico. Off grade supplies are limited for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2300 MOSTLY: .1700 - .2000

**CASEIN - NATIONAL**

The casein market remains firm and prices are unchanged. Reportedly, negotiations and contracting for the second quarter of 2005 are taking place with prices expected to be higher. To most buyers, increasing prices are a major concern, but the more important concern is the availability of product in the coming year. Currently, stocks range from closely balanced to short of spot needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.8500 - 3.0500  
ACID: 2.9000 - 3.0500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. The market continues to be highly competitive. Production levels are lighter in most parts of the country due to the tight milk supply situation. Producers are hopeful that next week's holiday will "free up" some additional milk for processing. Demand for canned evaporated milk is seasonally good. Thanksgiving orders have been shipped and some retailers are now pulling some loads for anticipated year-end holiday needs. The Kansas City Commodity office announced the issuance of EVD-1, invitation 820 inviting competitive offers to sell to CCC 5,397,840 pounds of evaporated milk for delivery January - March 2005. Offers are due by 9:00 a.m. CST, November 22, 2004.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

## OCTOBER MILK PRODUCTION

Milk production in the 20 major States during October totaled 12.2 billion pounds, up 1.3 percent from October 2003. September revised production, at 11.9 billion pounds, was up 1.3 percent from September 2003. The September revision represented a decrease of 1 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,576 pounds for October, 15 pounds above October 2003.

The number of cows on farms in the 20 major States was 7.77 million head, 26,000 head more than October 2003, but unchanged from September 2004.

## OCTOBER 2004 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2003	2004	2003	2004	2003	2004	% CHANGE FROM 2003
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	155	167	1,735	1,770	269	296	10.0
CA	1,698	1,740	1,720	1,770	2,921	3,080	5.4
FL	140	137	1,105	1,140	155	156	0.6
ID	412	433	1,820	1,800	750	779	3.9
IL	109	106	1,495	1,480	163	157	-3.7
IN	155	152	1,650	1,605	256	244	-4.7
IA	198	190	1,540	1,540	305	293	-3.9
KY	111	109	1,035	1,035	115	113	-1.7
MI	303	305	1,790	1,730	542	528	-2.6
MN	465	465	1,410	1,420	656	660	0.6
MO	126	120	1,200	1,230	151	148	-2.0
NM	318	325	1,745	1,690	555	549	-1.1
NY	665	650	1,455	1,460	968	949	-2.0
OH	259	266	1,420	1,420	368	378	2.7
PA	562	563	1,455	1,465	818	825	0.9
TX	317	320	1,420	1,470	450	470	4.4
VT	147	145	1,450	1,455	213	211	-0.9
VA	109	104	1,245	1,355	136	141	3.7
WA	244	234	1,890	1,890	461	442	-4.1
WI	1,250	1,238	1,495	1,475	1,831	1,826	-0.3
20 STATE TOTAL	7,743	7,769	1,561	1,576	12,083	12,245	1.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (11-04), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

## NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES\*

The milk production forecast for 2004/05 is increased because the cow herd is expected to decline more slowly than forecast last month. Milk per cow is unchanged. Commercial use, both fat and skim basis, is expected to be stronger. Milk price forecasts for 2004/05 are raised from last month because of stronger demand for milkfat, especially in the first quarter of the marketing year. Class III and Class IV milk prices are higher than last month as recent cheese and butter prices have strengthened. The all milk price is raised to \$13.75-\$14.45 per cwt. for 2004/05.

Item	2002/03 1/	2003/04 Projection 1/		2004/05 Projection 1/	
		October	November	October	November
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	9.5	9.9
PRODUCTION	170.4	170.1	170.1	173.3	173.7
FARM USE	1.1	1.1	1.1	1.0	1.0
MARKETINGS	169.3	169.0	169.1	172.3	172.7
IMPORTS 2/	5.0	5.7	5.4	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	185.5	185.7	185.5	186.9	187.7
<b>USE</b>					
COMMERCIAL USE 2/ 3/	173.3	176.3	175.6	177.9	178.4
ENDING COMMERCIAL STOCKS 2/	11.0	9.5	9.9	8.9	9.3
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	0.0	-0.1	0.1	0.1
SKIM SOLIDS BASIS 4/	8.8	2.2	2.1	3.9	4.1
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
CLASS III 6/	10.63	14.94	14.94	12.00-12.80	12.40-13.10
CLASS IV 6/	10.05	12.48	12.48	11.30-12.30	11.70-12.60
ALL MILK 7/	11.91	15.61	15.63	13.35-14.15	13.75-14.45
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	29	-7	-7	0	0
CHEESE	47	7	7	6	6
NONFAT DRY MILK	719	185	172	330	345
DRY WHOLE MILK	0	0	0	0	0
	QUARTERLY 8/			ANNUAL 8/	
	2004 IV	2005 I	2005 II	2004	2005
	<b>BILLION POUNDS</b>				
MILK PRODUCTION	42.3	43.6	44.9	171.0	174.0
	<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE 5/ 7/	15.70-16.00	13.85-14.45	12.55-13.45	15.95-16.05	13.35-14.25
CLASS III PRICE 5/ 6/	14.00-14.30	12.15-12.75	11.50-12.40	15.10-15.20	12.00-12.90
CLASS IV PRICE 5/ 6/	12.75-13.15	11.35-12.15	11.15-12.25	13.05-13.25	11.50-12.60

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-416, World Agricultural Outlook Board, USDA, November 12, 2004.



## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, OCTOBER

**HIGHLIGHTS:** Handler reports of receipts and utilization under the Federal milk order system for October have been filed and tabulated. Combined totals for the 10 orders are being released. During October, about 9.5 billion pounds of milk were received from producers. This volume of milk is 36.9 percent higher than the October 2003 volume on a comparable market basis. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +0.8 percent.) About 3.8 billion pounds of producer milk were used in Class I products, 4.0 percent lower than the previous year on a comparable market basis. Calendar composition had a negative impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilization percentages were; Class I = 40%, Class II = 12%, Class III = 39%, and Class IV = 9%. The weighted average statistical uniform price was \$15.33 per cwt., \$0.19 lower than last month, and \$0.52 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 2004										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,829.7	-4.8	929.6	-2.7	51	20	23	6	16.07
Appalachian (Charlotte)	005	521.3	-1.1	352.9	-9.4	68	16	6	10	16.69
Southeast (Atlanta)	007	573.2	-3.6	395.2	-1.3	69	12	11	8	16.78
Florida (Tampa)	006	217.4	1.5	190.3	-1.6	87	10	<u>4/</u>	3	18.19
Mideast (Cleveland)	033	1,545.8	43.1	553.8	-5.5	36	15	44	5	14.89
Upper Midwest (Chicago)	030 <u>5/</u>	1,977.5	200.8	374.4	3.1	19	6	68	7	14.47
Central (Kansas City)	032	1,204.2	54.1	369.6	-11.8	31	10	50	9	14.70
Southwest (Dallas)	126 <u>5/</u>	790.8	41.8	358.3	-2.3	45	12	26	17	15.68
Arizona-Las Vegas (Phoenix)	131	230.7	-1.7	80.8	-6.0	35	8	42	15	15.01
Pacific Northwest (Seattle)	124	617.2	63.8	184.9	-1.6	30	6	36	28	14.40
<b>ALL MARKET AVERAGE OR TOTAL</b>	<u>3/</u> <u>5/</u>	9,507.7	36.9	3,789.8	-4.0	40	12	39	9	15.33

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Percent changes from the previous year are based on the same group of comparable markets—markets where the orders were in effect for both years. Excludes the Western Federal milk order which was terminated effective April 1, 2004.

4/ Less than 0.5 percent.

5/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 175 million pounds of milk that normally would have been associated with these markets. In October 2003, the estimated not-pooled volume of milk was 2.9 billion pounds, occurring in Order Nos. 030, 032, 033, 124, 126, and 135. After adjusting for these not-pooled volumes, the year-to-year percent change is +0.8.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF NOVEMBER 15 - 19, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 11/12/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	2,165,595	918,906	1,246,689	36,775,640	43,766,657	-0-	895,283,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	2,165,595	918,906	1,246,689	36,775,640	43,647,609	-0-	941,674,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF NOVEMBER 15 - 19, 2004 =	0.3	14.5	COMPARABLE PERIOD IN 2003 =	1.9	99.9
CUMULATIVE SINCE OCTOBER 1, 2004 =	8.1	428.1	CUMULATIVE SAME PERIOD LAST YEAR =	9.6	508.1
CUMULATIVE JAN. 1 - NOV. 12, 2004 =	61.3	3,290.9	COMPARABLE CALENDAR YEAR 2003 =	701.7	6,920.8

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF NOVEMBER 15 - 19, 2004 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		1,246,689	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	-0-	3.6	.0
WEST	-0-	-0-	-0-	-0-	34,373,470	43,647,609	93.5	100.0
EAST	-0-	-0-	-0-	-0-	1,070,603	-0-	2.9	.0
TOTAL	-0-	-0-	-0-	-0-	36,775,640	43,647,609	100.0	100.0

NDM SELBACK TO THE TRADE The cumulative selback total for 2004 is **67,347,152 pounds**.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/30/04 & Comparable Week 2003

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2004-Dairy	0.0	0.7	7.2	3.1	15.6	3.1	0.9	0.9	13.5	2.4	47.6	44.0
2003-Dairy	0.2	0.8	8.3	5.6	23.0	2.5	0.4	1.0	15.3	3.0	60.1	45.5
2004-All cows	0.1	0.7	8.9	15.3	28.8	16.2	13.3	3.1	15.6	6.2	108.1	
2003-All cows	0.2	1.1	11.1	13.5	35.7	19.6	21.0	3.7	18.1	8.2	132.1	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95	14.62	13.94	14.78	14.29	14.43
II	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66	13.57		
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16		
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00	12.81		

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/clis\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/clis_prod_cmp_pr.htm)